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salary survey
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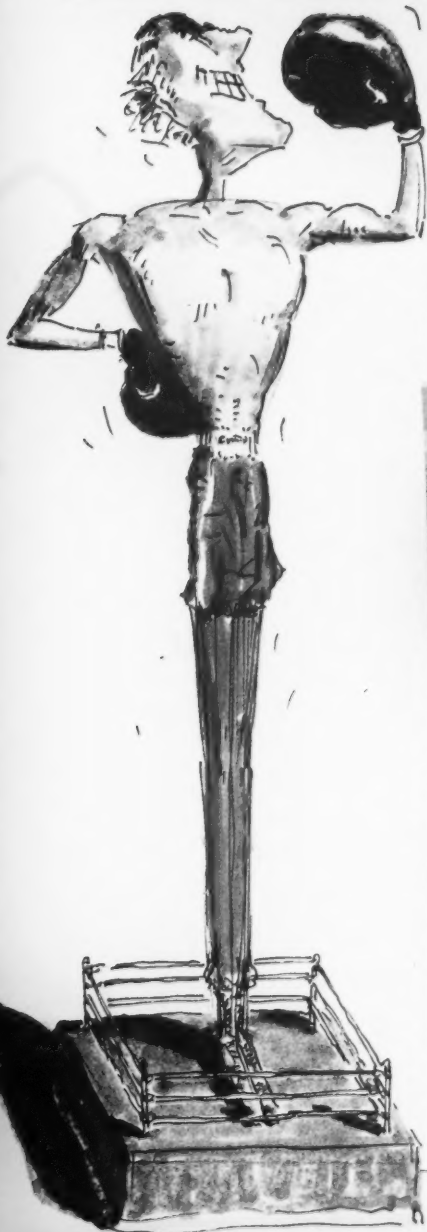
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DECEMBER 1, 1990

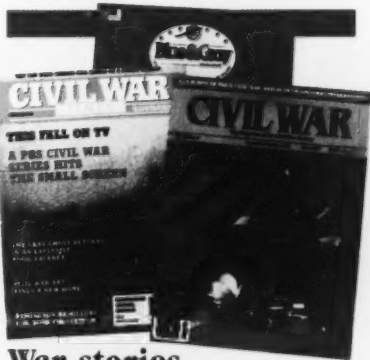
THE MAGAZINE FOR MAGAZINE MANAGEMENT

\$6.50



1991 budgets: In fighting trim

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TECH TRENDS Folio

Fax publishing

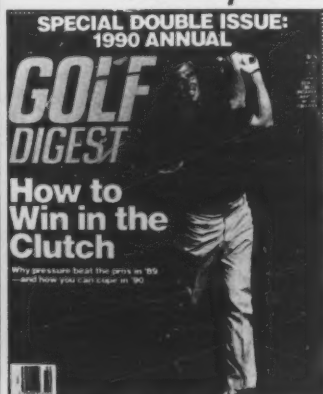
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Vol. 19 No. 12

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Coated Paper: Economic and environmental

More and more magazines are vying for shares of the available ad dollars; the electronic media are offering increasing opportunities to advertisers; and postal rates are going up. Magazine publishers are struggling. They are not only looking for ways to attract additional revenue, but diligently seeking ways to control costs. In this environment, having the right supply of paper at the right price will have a critical effect on the publisher's bottom line.

What can publishers expect in the year to come in terms of supply and demand? And what are some of the consequences in terms of cost?

Demand: The end-use markets

In examining the demand for any grade of paper, it is necessary to understand what is happening in its primary end-use markets. Thus, we will look at the factors that have influenced the demand for coated paper in the five most important end-use markets as they relate to publishers. These are magazines, direct mail, catalogs, inserts/flyers and coupons.

The magazine end-use sector consumed some 2.87 mm tons of coated paper in 1989—a decline of 122,000 tons from the 1988 level. A further drop of about 2 percent is anticipated for 1990. A possible explanation is that ad pages are down, competition for ad revenues is heated, and many maga-

What are the developing trends in the supply/demand balance of coated paper, and what might they mean to your magazine's bottom line?

BY ARTHUR C. VEVERKA

zines are in trouble.

However, the news is not all bad. The magazine sector, which is represented by consumer, business, trade, comic, TV and Sunday newspaper magazines, constitutes close to 37

percent of all coated paper use. Thus, its health plays a major role in the health of the coated paper market. (Its importance is even greater if we consider only coated groundwood papers, where magazines comprise just over 50 percent of the total consumption.) And the outlook for magazines in 1991 is, at the moment, good. The U.S. economy should experience renewed growth (GNP +3.5 percent), which would mean that ad pages should increase substantially. In addition, weaker magazines will have been weeded out, creating a healthier environment for the surviving ones.

Paper quality continues to play a major role in magazine paper selection. Coated papers' share of the total magazine paper market increased to 76 percent in 1989. The longer term trend should be for some additional modest increase as the quality image of coated paper continues to be stressed.

Publication areas that compete with magazines for coated papers are also very active. For example, catalogs and direct mail together are the second most important outlet for coated paper and constitute just about 29 percent of total consumption. For 1989, these end-users consumed 2.26 mm tons of coated paper, divided almost equally between groundwood and freesheet grades. This was a decline of just under 3 per-

• In summary •

- **Future magazine demand for coated paper** will be affected by three critical factors: a trend toward lighter basis weight; the use of and demand for recycled fiber; the continuing push for higher quality.
- **Projected growth of the economy** in 1991 (GNP +3.5%) should mean that ad pages will increase substantially. The consequent increase in demand for coated groundwood will not necessarily be met with an increase in supply. For coated freesheet, however, both supply and demand will be strong.
- **Demand for coated paper** is down in the catalog, direct mail, insert/flyer and coupon markets, although there is a slow growth in the rate of coated paper use in the coupon market.
- **Total U.S. demand for coated paper** is forecast to be strong—in 1991, an increase of almost 750,000 tons, or 9.0%, over 1990.
- **The pricing environment** that publishers will face through 1991 will be mixed. There is the likelihood of rising prices for coated groundwood; for coated freesheet, there will be a better pricing environment.

pressures

cent from 1988, and a direct result of postal rate increases in 1988. For 1990, a recovery in consumption of about 2 percent is expected, with a further increase in excess of 4 percent for 1991.

The past year (1989) was also one of declines in demand in two other competitive end-use markets—the insert/flyer and coupon markets. The end-users saw year-over-year demand fall by 3.3 percent and 4.7 percent, respectively. A wariness about the economy and its growth fueled these declines. Actual tonnage levels in 1989 were 615,000 tons for the insert/flyer market and 411,000 tons for coupons.

For 1990, insert/flyer tonnage is forecast to be up about 3 percent and to rebound a somewhat greater percentage in 1991. This growth is considerably less than the early and middle 1980s, when this segment was among the fastest growing. This is a direct result of problems in the retailing industry, as exemplified by store closings.

Coupons, on the other hand, are showing a very slow growth rate and seem to have reached a level of maturity. Growth is expected to be in the 1 percent range for 1990 and about 2 percent for 1991.

Factors affecting demand

Future demand for coated papers in magazines will be affected by three basic factors: a trend toward lighter basis weights; the use of recycled fiber; and a continuing push for higher quality. In many ways, the first two factors are intertwined with the quality issue.

On the basis weight front, 34-pound coated groundwood paper, which is the standard for many magazines, is slowly but surely being



PHOTO COURTESY OF JAMES BREWER CORP.

North American coated freesheet capacity increases Announced capacity additions

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
U.S. PRODUCERS				
1990	Champion	Quinnesec, MI	240,000	New machine coater - #3 & #4
	S.D. Warren	Muskegon, MI	60,000	Rebuild - #2 & #3
	S.D. Warren	Somerset, ME	225,000	New machine coater - #3 & #4
	Westvaco	Wickliffe, KY	125,000	New off machine coater - #2 & #3
1991	Consolidated Paper	Wisconsin Rapids, WI	212,000	New machine
	Westvaco	Wickliffe, KY	125,000	New off machine coater
CANADIAN PRODUCERS				
1990	Island Paper	New Westminster, B.C.	83,000	New off machine coater
TOTAL COATED FREE SHEET EXPANSION			1,070,000	short tons
COMPOUND ANNUAL CAPACITY GROWTH 1989-1993			5.5%	

API & Jaakko Poyry Consulting, August 1990

replaced by 32-pound paper. Similarly, in the medium- to heavy-weight coated groundwood papers, the trend is toward a greater use of 40-pound paper.

In coated freesheet, there is also a trend toward the use of lighter basis weights—although this trend is not as pronounced as in the groundwood grades.

In both cases, the basis weight trend is being driven by the fact that suppliers are offering equal quality at lower basis weights. Of course, increases in postal costs are helping substantially in this trend.

The use of recycled fiber is probably the single biggest issue currently facing the U.S. and Canadian paper industries. The push to increase the use of recycled fiber is coming from all directions, but particularly from governmental sources in response to the growing solid waste problem. Publishers are also expressing an interest in coated papers with a recycled fiber content. However, thus far, they are unwilling to accept either a lower quality or a higher priced recycled fiber content sheet. Instead, they express a need to be supplied with a coated "recycled" grade that is comparable in quality to current virgin fiber grades with a potentially lower price.

The question of the use of recycled fiber, particularly when combined with quality demands, is one of the most vexing that the paper industry has faced. For certain, there are currently producers of recycled content coated papers, and these will

undoubtedly increase in the future. However, almost exclusively they are using pre-consumer recycled fiber and not post-consumer fiber. The

latter is the aim of the mandatory recycling/solid waste legislation that we have seen.

Producing high quality coated paper from post-consumer recycled fiber is technically feasible, but would be more costly than current production based on virgin fiber. The amount of additional pre-consumer recycled fiber available is limited, thus limiting the amounts of "recycled" content coated paper using this source. Further complicating the issue is the fact that most of the announced recycling plants for newsprint are based on using a 70/30 mixture of old newspapers and old magazines. This will potentially use up a significant part of the readily available old magazine supply, which could be needed if post-consumer, recycled fiber content coated paper were to be produced. (CONTINUED)

North American coated freesheet capacity 1988 - 1993

COMPANY	1988		1993		CHANGE	
	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL
TOTAL UNITED STATES (API)	3,436	100.0%	4,780	100.0%	1,344	100.0%
U.S. PRODUCERS						
Blandin Paper Company	10	0.3%	10	0.2%		
Boise Cascade	155	4.5%	155	3.2%		
Champion International	280	8.1%	520	10.9%	240	17.9%
Consolidated Papers	300	8.7%	520	10.9%	220	16.4%
Dunn Paper Co.	20	0.6%	20	0.4%		
Fraser Paper Ltd.	40	1.2%	40	0.8%		
P.H. Glatfelter	40	1.2%	40	0.8%		
International Paper	100	2.9%	150	3.1%	50	3.7%
James River	110	3.2%	50	1.0%	(60)	
Mead Corporation	370	10.8%	370	7.7%		
Midtec Paper	205	6.0%	305	6.4%	100	7.4%
Northwest/Potlatch	240	7.0%	280	5.9%		
Penntech	35	1.0%	35	0.7%		
Plainwell (Simpson)	40	1.2%	40	0.8%		
Simpson	250	7.3%	375	7.8%	125	9.3%
S.D. Warren	800	23.3%	1085	22.7%	285	21.2%
Watervliet	50	1.5%	50	1.0%		
Westvaco	410	11.9%	660	13.8%	250	18.6%
Total U.S. Identified	3455	100.6%	4705	98.4%	1210	90.0% **
TOTAL CANADA (CPPA)	143	100.0%	230	100.0%	87	100.0%
CANADIAN PRODUCERS						
Abitibi-Price	83	58.0%	83	36.1%	0	0.0%
Fraser Paper Co.	30	21.0%	34	14.8%	4	4.6%
Island Paper Mills			83	36.1%	83	95.4%
Miramichi Pulp & Paper			*			
Rolland	30	21.0%	30	13.0%		
Total Canadian Identified	143	100.0%	230	100.0%	87	100.0%

Note: * Miramichi reportedly targeting estimated 45,000-75,000 tons of new capacity as coated free sheet
** Does not include incremental increases

The third factor—quality—will continue to be a major driving force in the type of product demanded by magazine paper buyers. Higher quality grades will experience the highest growth rates. This will mean that North American paper producers will have to continue to stress quality if offshore paper producers (whose quality is considered to be the best) are not to regain an increasing share of the U.S. coated magazine paper market.

To the benefit of purchasers, some producers of coated freesheet grades are upgrading their quality and producing new grades. In some instances, these grades are exhibiting characteristics of the next higher grade (e.g., a no. 4 grade with no. 3 qualities), but are not being marketed or priced at the higher grade level. Rather, the paper suppliers are trying to use superior quality to gain market advantage.

Based on the factors already discussed, plus a projected rebound in the U.S. economy in 1991, the total demand for coated paper is expected to be strong. In addition, postal rate increases from 1988 have been worked through, sparking a trend toward lighter basis weights.

The last factor affecting our 1991 forecast is an expected increase in inventory in the hands of the purchasers. Inventories are down, owing to a plentiful supply. However, the supply picture is expected to change markedly in 1991. This has led to a projected inventory increase of about 250,000 tons.

The result is an expected increase in total U.S. coated paper demand of almost 750,000 tons, or 9.0 percent, over 1990 levels. The increase is expected to be equal on a percentage basis between coated groundwood and coated freesheet papers. With the projected increase of 416,000 tons of coated groundwood grades, demand in 1991 (5,012,000 tons) will finally surpass the 1988 demand level (4,655,000 tons). Future demand increases will be moderate compared to the levels experienced for much of the 1980s (over 6 percent) as the reality of increasing competition from higher quality coated freesheet grades, improved quality uncoated grades

(highly filled supercalendered paper), and a strong trend to lighter basis weights set in.

Coated freesheet will continue to be one of the highest growth grades within the paper industry for the foreseeable future.

Supply: Planing ahead

Last year, we expected the supply outlook to be good for both coated groundwood and coated free-



Probably the biggest, most vexing issue facing U.S. and Canadian paper industries is the use of recycled fiber for paper.

sheet. For coated groundwood, the situation changed dramatically in 1990. From last year's projected U.S. increase of almost 1 mm tons between 1988 and 1992, the current increase appears to be more in the range of 320,000 tons.

What happened? Because of falling prices, demand declines, operating rates below 90 percent, and a severe margin squeeze, a number of planned projects were either put on hold or tabled altogether. The one certain new machine in the 1990s—at

Boise Cascade's Rumford mill—has been delayed from 1991 to 1993. Coupled with our U.S. demand outlook, the supply situation could be tight in 1991 and 1992.

Some relief for purchasers will come from north of the border as Canadian coated groundwood capacity increases by over 220,000 tons in the 1990-91 period. Most of this increase will occur in 1990 and is attributable to Repap's new paper machine at New Castle, New Brunswick, which started up in late 1989.

Overseas, coated groundwood capacity is still expected to expand rapidly through 1991-92. Most of this capacity is in Europe and, coupled with a slow-down in demand, is creating an oversupply situation. However, without a substantial strengthening of the U.S. dollar—and given the downward price pressures experienced—the U.S. market is not as attractive as it once was. Moreover, several U.S. producers, through the American Paper Institute, have filed antidumping charges against offshore suppliers for selling product at \$20-\$30/ton below prevailing prices (the prices being offered are supposedly below costs). Nevertheless, a tightening U.S. supply situation could cause coated groundwood prices to rise and make the U.S. market more attractive to offshore producers. This will be particularly true if operating rates in Europe, as we believe, will be below the 90 percent level for the next few years.

The capacity or supply outlook for coated freesheet is considerably better from a buyer's perspective, and more in line with last year's outlook. Then, the indication was that between 1989 and 1991 some 975,000 tons of capacity would come on line in North America. Current plans call for 945,000 tons, but two of the projects have been delayed—somewhat shifting the capacity increases toward the latter part of the period. The greatest supply increase will occur in 1990.

In addition, and over a similar period, European capacity will jump by almost 1.3 million tons, and about 400,000 tons will become available in the Far East and Australia.

With this kind of planned and, for the most part, committed capacity

SPECIAL REPORT

increases, the world-wide supply picture, if you are a purchaser, probably will remain good in 1992.

The supply/demand balance

For publishers anxious to control costs, the supply/demand ratio is a critical element in determining the pricing environment for purchasing a given grade of paper. If the demand/supply ratio (expressed as operating rate by the industry) is below 90 percent, the pricing environment will favor the publisher. Above 93 percent, the supplier has the upper hand. In between, the pricing situation is fairly well balanced.

The pricing environment through 1991 will be mixed. In coated groundwood, the expected increase in demand will not be accompanied by a supply increase, since much of the planned North American capacity increases are on hold. Therefore, publishers are likely to experience rising prices for coated

North American coated groundwood capacity increases Announced capacity additions

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
U.S. PRODUCERS				
1989	Blandin	Grand Rapids, MI	170,000	Net - #5
	Champion	Bucksport, ME	40,000	Speed-ups - #5
1993	Boise	Rumford, ME	318,000	New machine
CANADIAN PRODUCERS				
1989	Repap	New Castle, N.B.	248,000	New machine
TOTAL COATED GROUNDWOOD EXPANSION			776,000	
COMPOUND ANNUAL CAPACITY GROWTH 1989-1993			2.8%	

API & Jaakko Poyry Consulting, August 1990

groundwood paper at least through 1991, and very possibly in 1992. However, the situation in coated freesheet will probably put some limit on the potential price increases. Also, as previously noted, North American coated groundwood producers must consider the possibility

of significant offshore tonnage being offered in the United States.

For coated freesheet, publishers will find a better pricing environment. Demand grades will be very good, but matched by an ever greater increase in supply. The result is forecast to be an overcapacity situation for the next several years. Operating rates will be below 90 percent at least through 1992. This will create an environment in which suppliers could well have difficulty achieving any meaningful price increases.

For the publisher, the quality situation is also likely to get better in the next few years. New suppliers are likely to strive for very high quality levels in order to secure a market position. It is even possible, if not likely, that publishers may be able to purchase, for example, no. 3 quality coated freesheet at no. 4 price levels.

If coated groundwood producers try to take advantage of the forecast tight supply situation and push prices up considerably, they will be inviting the end-users to switch to coated freesheet grades, which may very well be available at attractive prices. Given the improved print quality of coated freesheet, this might be an opportunity for publishers to upgrade their own quality image. At the very least, it will provide some sort of a check on coated groundwood prices. □

North American coated groundwood capacity 1988 - 1993

	1988		1993		CHANGE	
	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL
TOTAL UNITED STATES (API)	4,347	100.0%	4,860	100.0%	513 **	100.0%
U.S. PRODUCERS						
Blandin	280	6.4%	450	9.3%	170	33.1%
Boise Cascade	240	5.5%	320	6.6%	80 *	15.6%
Bowater	326	7.5%	326	6.7%		
Champion International	657	15.1%	697	14.3%	40	7.8%
Consolidated Papers	580	13.3%	610	12.6%		
Fraser Paper Ltd.	136	3.1%	136	2.8%		
Georgia Pacific North	135	3.1%	135	2.8%		
International Paper	610	14.0%	610	12.6%		
James River	270	6.2%	270	5.6%		
Mead Corporation	330	7.6%	330	6.8%		
Midtec Paper	240	5.5%	240	4.9%		
Niagara of Wisconsin	210	4.8%	210	4.3%		
Pentair Inc. (Niagara)	225	5.2%	225	4.6%		
Weyerhaeuser Paper	178	4.1%	178	3.7%		
Total U.S. Identified	4417	101.6%	4,737	97.5%	290	56.5%
TOTAL CANADA (CPPA)	380	100.0%	665	100.0%	285	100.0%
CANADIAN PRODUCERS						
Provincial Paper	40	10.5%	52	7.8%	12	4.2%
Kruger Inc.	140	36.8%	165	24.8%	25	8.8%
Miramichi Pulp & Paper/Repap	200	52.6%	448	67.4%	248	87.0%
Makin Pulp & Paper Ltd.						
Skeena Cellulose Inc.						
Total Canada Identified	380	100.0%	665	100.0%	285	100.0%

Note: * Not all of additional Boise capacity coming onstream during 1993

** API 1993 capacity assumes incremental increases not identified by company

Arthur C. Veverka is president of Jaakko Poyry Consulting, the Briarcliff Manor, New York-based subsidiary of an international consulting and engineering firm specializing in forest products, printing and print media.

FOLIO'S: 1990

Circulation salary survey

This survey, FOLIO's sixth annual look at the pay of circulation professionals, provides the complete rundown on salary and total compensation for both top circulation executives (directors) and the second level of circulation management (managers), broken down by key factors affecting compensation—such as the demographics of the respondents and the size and nature of their publications.

In many respects, the demographic profiles of both groups of respondents are similar. About 43 percent of each group is from the Northeast; 66 percent of directors and 60 percent of managers work on more than one magazine; and 62 percent of directors and 69 percent of managers are under 40.

Even when the numbers are further apart, the similarities are strong. These circulation professionals are predominantly female: 64 percent of the directors and 78 percent of the managers are women. Further, 71 percent of the directors and 87 percent of the managers have been in the circulation field less than 10 years.

Despite the demographic similarities, however, directors earn substantially more than managers. Their average salary is 50 percent higher; and the average total compensation for those who receive both salary and bonus is 84 percent higher.

Among the other key findings in this survey are the following:

The news: Women dominate in numbers, but trail in compensation; and circulation directors benefit more than managers from incentives

BY ROBERT M. STEED

• Directors and managers on business magazines average higher salaries than those on consumer publications in virtually every breakdown by circulation size. Yet because of the large number of respondents from large circulation consumer publications, the overall average salary is much higher for directors and managers on consumer magazines.

• Women earn substantially less than men, with salaries averaging only 75 to 80 percent of men's and total compensation averaging only 71 to 74 percent.

• The Northeast is the highest paying region for directors by a wide margin. Managers in the Northeast earn higher salaries than those in other regions; but those in the West take the lead on a total compensation basis.

• Circulation size provides the most direct, consistent correlation with pay. Compensation moves steadily higher as circulation grows, and then takes a substantial leap on magazines with circulations of 500,000 or more.

Circulation directors

The overall average salary of circulation directors is \$44,771. This jumps to \$62,387 in total compensation for those who receive both salary and bonus. Directors on consumer magazines average \$6,500 more in salary and \$15,850 more in total compensation than their business magazine counterparts. However, this is almost entirely accounted for

by the high pay of the large number of respondents in this sample from consumer publications with over 500,000 in circulation.

Directors in the Northeast earn almost 50 percent more in salary than those in any other region of the country. Those in the South barely nose out directors in the North central and Western regions for

• In summary •

- **Circulation directors average 50 percent more** in salaries than circulation managers. Bonuses are much higher for them as well, making their average total compensation 84 percent greater than that of managers.
- **The average salaries of directors and managers** on business publications are higher than their consumer counterparts in virtually all breakdowns by circulation size.
- **There is a direct correlation between the circulation size** of the magazine and both salary and total compensation for both circulation directors and managers.
- **While the great majority of circulation professionals** who responded to this survey are female, their salaries are only 75 to 80 percent of men's, and their total compensation trails even further behind.

the dubious honor of being last. The South falls even further behind when bonuses are factored in—directors there earn \$36,000 less than their counterparts in the Northeast.

The compensation of women substantially trails that of men. Women's salaries average 75 percent of men's, and their total compensation averages 74 percent. Moreover, 56 percent of the male directors are eligible for a bonus, while only 37 percent of the women directors are.

Both experience and age bear a close correlation to salary—up to a point. Salary and total compensation move steadily and strongly upward in each of the cohorts of directors in their twenties, thirties and forties. But they drop for directors who are 50 and up—the second lowest paid age group of directors. Similarly,

compensation increases sharply as experience rises from up to three, four to 10, and 11 to 20 years. However, directors with over 20 years' experience average only slightly higher salaries (and lower total compensation) than those in the preceding group.

Size of the magazine and scope of the job are clear determinants of pay. For example:

- The salary of directors who supervise more than 10 people averages 2.6 times as much as those who supervise no one; and total compensation is over three times as high.
- Directors who are responsible

grows steadily larger from \$29,746 for those on magazines with less than 20,000 in circulation to \$49,284 for those on magazines with circulations of 100,000 to 500,000. It then takes a sharp jump to \$78,895 for those on magazines with circulations over 500,000 (and, as noted earlier, most of those are consumer publications). Total compensation shows a very similar pattern—although the relationships are not as smooth.

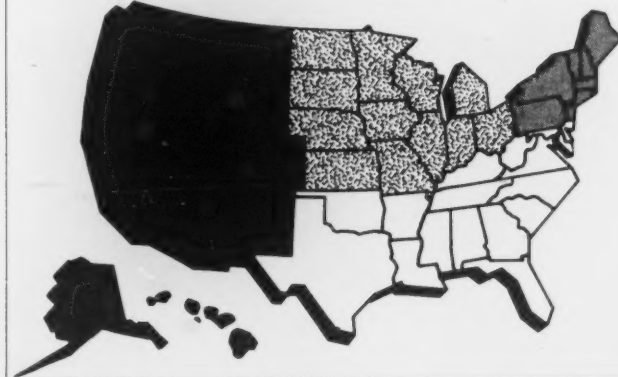
Frequency and circulation type give indications of different compensation patterns between business and consumer publications. Average salary for directors on weeklies and

for more than one magazine earn about 15 percent more, in both salary and total compensation, than those who work on just one magazine.

- The clearest correlation is to circulation size. Salary

The regions have been divided as follows:

■ Western ■ Northeast □ South ▨ North central



Methodology

Three hundred seventy-nine of the 973 circulation professionals who received questionnaires responded to FOLIO's sixth annual circulation salary survey, resulting in an overall response rate of 39 percent. Of the total responses, 352 (36 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in June. Participants were asked to supply data reflecting 1990 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a circulation director indicated that his or her annual bonus would be between \$6,000 and \$8,000, the arithmetic mean of \$7,000 was used as that respon-

dent's expected bonus for the year.

Fifty-four percent of the mailing was sent to circulation directors and 46 percent to circulation managers. The response rate from directors was substantially higher (40 percent versus 30 percent). About 53 percent of the sample was drawn from business publications, with the balance from consumer publications. Last, about two-thirds of the sample in each category was drawn from magazines with circulations under 100,000, while one-third came from magazines with circulations over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

biweeklies is \$5,200 (11 percent) higher than for those on monthlies. But the difference is almost entirely accounted for by directors on consumer publications; those on business magazines earn virtually identical salaries. Directors on paid circulation business magazines earn salaries that are \$4,200 (10 percent) more than salaries for those on nonpaid

"With all the doom and gloom in the trades these days, younger people don't see any future in business publishing. Keeping good people is hard."

—Circulation director in the Northeast, earning more than \$100,000 in salary and bonus.

business magazines; the differential is \$12,500 (33 percent) for those on consumer magazines.

Circulation managers

As noted earlier, pay levels for managers are sharply lower than for directors. Their salary averages 66 percent that of directors, and their total compensation averages 54 percent. Moreover, while the compensation patterns evident among directors are generally repeated among managers, the differences in pay based on demographic or size factors are generally not as sizable.

The average salary of circulation managers is \$29,665. Circulation managers on consumer magazines outpace their business magazine counterparts by almost \$5,000 (17 percent); but this is almost totally the result of pay levels of managers on consumer publications with over 500,000 in circulation.

Regional differences are much less pronounced among managers. The Northeast leads in salary by only \$1,600 over the West, but the West leads by \$5,000 when bonuses are factored in. The North central region is the lowest paying in salary. But the South takes over the cellar in total compensation (and, interestingly, average total compensation in the South is lower than average salary in

Circulation director

Circulation director, or top circulation executive: Plans, directs and coordinates circulation marketing efforts. Directly responsible for budgeting and analyses of single-copy and all subscription programs, list rentals, and database planning and maintenance.

Average salaries (The number of respondents is in parentheses.)		% increase from '89 to '90
All respondents	\$44,771 (226)	10.9%
Business	\$41,666 (118)	10.6
Consumer	\$48,164 (108)	11.3

Top one-third	\$69,012 (75)
Middle one-third	\$40,025 (75)
Bottom one-third	\$25,533 (76)

	Average	Average business	Average consumer
By region:			
Northeast	\$54,332 (98)	\$50,093 (51)	\$58,931 (47)
South	36,185 (42)	37,026 (19)	35,491 (23)
North central	37,727 (45)	35,312 (33)	44,368 (12)
Western	38,907 (40)	33,790 (14)	41,662 (26)
By sex:			
Male	\$53,566 (80)	\$52,732 (37)	\$54,283 (43)
Female	40,014 (144)	36,611 (81)	44,389 (63)
By age:			
29 or less	\$34,056 (54)	\$33,500 (28)	\$34,654 (26)
30-39	46,283 (87)	42,803 (34)	48,515 (53)
40-49	54,134 (46)	48,327 (28)	63,167 (18)
50 or more	44,122 (37)	41,791 (28)	51,375 (9)
By years in circulation:			
Up to 3	\$31,456 (51)	\$30,393 (29)	\$32,856 (22)
4-10	44,042 (109)	39,430 (49)	47,808 (60)
11-20	56,015 (45)	53,931 (24)	58,397 (21)
More than 20	59,200 (19)	52,914 (14)	76,800 (5)
Eligible for bonus/incentive:			
Yes	\$52,269 (107)	\$47,071 (55)	\$57,768 (52)
No	38,029 (119)	36,948 (63)	39,246 (56)
By employees supervised:			
None	\$26,745 (22)	\$26,227 (11)	\$27,264 (11)
One	39,095 (43)	39,076 (17)	39,108 (26)
2-5	39,983 (95)	36,581 (53)	44,276 (42)
6-10	51,477 (29)	49,681 (16)	53,687 (13)
More than 10	70,210 (36)	58,576 (21)	86,497 (15)
Responsible for:			
One magazine	\$40,524 (77)	\$33,020 (32)	\$45,859 (45)
More than one	46,945 (148)	44,883 (86)	49,806 (62)
By circulation:†			
Up to 19,999	\$29,746 (26)	\$30,195 (20)	\$28,250 (6)
20,000-49,999	33,326 (55)	35,377 (39)	28,325 (16)
50,000-99,999	39,853 (49)	44,317 (29)	33,381 (20)
100,000-499,999	49,284 (64)	51,376 (26)	47,852 (38)
500,000 or more	78,895 (29)	78,000 (4)	79,038 (25)
By frequency:†			
Weekly/biweekly	\$50,745 (38)	\$43,260 (25)	\$65,140 (13)
Monthly	45,561 (149)	42,797 (77)	48,517 (72)
Other	35,932 (39)	33,734 (16)	37,461 (23)
By circulation type:†			
Paid	\$48,016 (138)	\$44,668 (41)	\$49,431 (97)
Nonpaid	39,965 (85)	40,408 (74)	36,985 (11)

†Refers to the largest circulation magazine on which respondent works.

Circulation manager

Circulation manager: Generally the second level of management in the circulation department. Administers circulation programs for subscriptions and single-copy sales. Handles all facets of circulation for one or more titles.

Average salaries (The number of respondents is in parentheses.)		% increase from '89 to '90
All respondents	\$29,665 (148)	14.1%
Business	\$27,542 (81)	16.8
Consumer	\$32,355 (63)	11.8

Top one-third	\$42,015 (49)
Middle one-third	\$27,312 (49)
Bottom one-third	\$19,869 (50)

	Average	Average business	Average consumer
By region:			
Northeast	\$32,304 (62)	\$29,657 (34)	\$35,500 (27)
South	27,569 (26)	28,766 (16)	25,655 (10)
North central	25,663 (32)	24,716 (20)	27,242 (12)
Western	30,727 (27)	24,363 (11)	36,646 (13)
By sex:			
Male	\$35,291 (33)	\$32,062 (18)	\$39,167 (15)
Female	28,051 (115)	26,250 (63)	30,226 (48)
By age:			
29 or less	\$25,610 (61)	\$22,912 (31)	\$28,282 (28)
30-39	35,075 (41)	29,946 (21)	41,556 (18)
40-49	31,298 (30)	31,416 (18)	31,121 (12)
50 or more	28,203 (16)	29,659 (11)	25,000 (5)
By years in circulation:			
Up to 3	\$24,190 (59)	\$23,197 (37)	\$25,948 (21)
4-10	33,857 (70)	30,789 (32)	36,737 (36)
11-20	32,486 (13)	34,202 (7)	29,580 (5)
More than 20	28,489 (6)	29,587 (5)	23,000 (1)
Eligible for bonus/incentive:			
Yes	\$29,965 (57)	\$24,340 (27)	\$35,408 (29)
No	29,477 (91)	29,143 (54)	29,750 (34)
By employees supervised:			
None	\$26,369 (54)	\$24,077 (27)	\$28,504 (25)
One	27,730 (25)	25,857 (15)	31,267 (9)
2-5	32,791 (56)	29,791 (29)	36,013 (26)
More than 5	33,617 (13)	32,902 (10)	36,000 (3)
Responsible for:			
One magazine	\$27,510 (59)	\$24,483 (27)	\$30,028 (30)
More than one	31,094 (89)	29,071 (54)	34,470 (33)
By circulation:†			
Up to 19,999	\$23,808 (22)	\$23,373 (19)	\$22,352 (2)
20,000-49,999	26,835 (40)	27,104 (28)	25,450 (10)
50,000-99,999	29,854 (39)	29,234 (25)	31,327 (13)
100,000-499,999	32,789 (33)	33,006 (9)	32,708 (24)
500,000 or more	43,409 (11)	0 (0)	43,409 (11)
By frequency:†			
Weekly/biweekly	\$32,394 (28)	\$30,213 (18)	\$36,320 (10)
Monthly	28,829 (91)	26,441 (48)	31,481 (40)
Other	29,821 (28)	28,061 (14)	31,992 (13)
By circulation type:†			
Paid	\$31,335 (89)	\$28,541 (29)	\$32,756 (58)
Nonpaid	27,240 (57)	27,023 (51)	27,700 (5)

†Refers to the largest circulation magazine on which respondent works.

the South—indicating that fairly low bonuses were paid to people at the lower end of the salary scale).

Women dominate this group—but, as with directors, their pay lags far behind men's. Women's salaries average 79.5 percent of men's, and when bonuses are considered, the gap widens to 71 percent.

By age, the highest paid group—in both salary and total compensation—is the 30- to 39-year-olds. This is paralleled in the breakdown by experience, where the highest paid group has four to 10 years in the business. These results are caused by relatively higher compensation paid to managers on consumer magazines in these two groups. Also, as with directors, managers who are over 50 and have more than 20 years' experi-

“Direct mail will become too expensive with the new postage increase.”

—Circulation manager in the Midwest, working on a consumer monthly with circulation of roughly 100,000, earning salary alone in the high twenties.

ence, have lower average salaries than all but the very youngest and least experienced groups.

Magazine size and job scope have less of an impact among managers than they do among directors. For example:

- Managers who supervise one person, or no one, earn virtually identical salaries; so do those who supervise departments of two to five versus those with more than five subordinates. And the difference between the lowest and highest paid groupings is only about \$7,200.

- Working on more than one publication still pays off—but only by about \$3,500 (13 percent). And when bonuses are considered, the difference drops to \$2,300 (7 percent).

- Salary marches steadily up in \$3,000 increments, from \$23,808 for managers on magazines with less than 20,000 in circulation to \$32,789 for those where circulation is between 100,000 and 500,000. It then jumps over \$10,500, to \$43,409, for those on magazines with circulations

Average annual total compensation*

	Circulation director	Circulation manager
Receive bonus/incentive:		
Yes	\$62,387 (99)	\$33,898 (45)
No	38,029 (119)	29,477 (91)
By magazine type:		
Consumer	\$70,390 (49)	\$40,870 (22)
Business	54,543 (50)	27,240 (22)
By region:		
Northeast	\$77,615 (48)	\$55,450 (21)
South	41,718 (19)	24,688 (8)
North central	49,301 (19)	32,466 (8)
Western	58,442 (12)	40,468 (8)
By sex:		
Male	\$72,674 (45)	\$43,364 (11)
Female	53,814 (54)	30,836 (34)
By age:		
29 or less	\$43,539 (23)	\$29,516 (22)
30-39	65,620 (39)	40,943 (18)
40-49	80,323 (20)	27,817 (5)
50 or more	57,048 (15)	0 (0)
By years in circulation:		
Up to 3	\$46,225 (22)	\$27,813 (20)
4-10	59,132 (46)	40,142 (22)
11-20	82,507 (20)	25,900 (1)
More than 20	71,736 (11)	30,068 (2)
By employees supervised:		
None	\$28,500 (3)	\$30,844 (15)
One	44,650 (16)	26,400 (5)
2-5	48,418 (38)	37,030 (21)
6-10	67,796 (15)	40,233 (3)
More than 10	95,656 (26)	32,416 (1)
Responsible for:		
One magazine	\$56,940 (34)	\$32,465 (17)
More than one	65,235 (65)	34,768 (28)
By circulation:†		
Up to 19,999	\$36,138 (12)	\$25,845 (2)
20,000-49,999	36,256 (16)	24,189 (13)
50,000-99,999	55,499 (17)	34,397 (13)
100,000-499,999	60,853 (30)	38,328 (11)
500,000 or more	102,455 (23)	50,900 (5)
By frequency:†		
Weekly/biweekly	\$66,341 (24)	\$37,330 (9)
Monthly	62,895 (66)	32,555 (28)
Other	48,111 (9)	36,002 (7)
By circulation type:†		
Paid	\$69,413 (61)	\$37,418 (29)
Nonpaid	51,665 (37)	27,553 (15)

*The number of respondents is in parentheses; includes only individuals who reported receiving both salary and bonus.

†Refers to the largest circulation magazine on which respondent works.

Average annual bonus/incentive*

	Circulation director	Circulation manager
Average bonus/incentive:	\$ 8,173 (99)	\$ 2,200 (45)
By magazine type:		
Consumer	\$10,899 (49)	\$ 2,597 (22)
Business	5,501 (50)	1,766 (22)
By region:		
Northeast	\$11,511 (48)	\$ 2,018 (21)
South	4,550 (19)	1,163 (8)
North central	3,958 (19)	3,101 (8)
Western	7,900 (12)	2,813 (8)
By sex:		
Male	\$ 9,573 (45)	\$ 3,500 (11)
Female	7,006 (54)	1,779 (34)
By age:		
29 or less	\$ 3,952 (23)	\$ 1,769 (22)
30-39	8,741 (39)	2,801 (18)
40-49	14,025 (20)	1,930 (5)
50 or more	4,887 (15)	0 (0)
By years in circulation:		
Up to 3	\$ 7,798 (22)	\$ 1,676 (20)
4-10	7,211 (46)	2,607 (22)
11-20	11,018 (20)	900 (1)
More than 20	7,773 (11)	3,600 (2)
By employees supervised:		
None	\$ 833 (3)	\$ 1,761 (15)
One	3,675 (16)	3,200 (5)
2-5	4,628 (38)	1,884 (21)
6-10	8,363 (15)	3,667 (3)
More than 10	17,077 (26)	6,000 (1)
Responsible for:		
One magazine	\$ 8,199 (34)	\$ 1,392 (17)
More than one	8,159 (65)	2,690 (28)
By circulation:†		
Up to 19,999	\$ 3,479 (12)	\$ 575 (2)
20,000-49,999	2,038 (16)	1,669 (13)
50,000-99,999	6,397 (17)	2,155 (13)
100,000-499,999	6,783 (30)	2,510 (11)
500,000 or more	18,283 (23)	3,900 (5)
By frequency:†		
Weekly/biweekly	\$12,998 (24)	\$ 2,306 (9)
Monthly	7,010 (66)	1,901 (28)
Other	3,833 (9)	3,443 (7)
By circulation type:†		
Paid	\$10,282 (61)	\$ 2,289 (29)
Nonpaid	4,903 (37)	1,973 (15)

*The number of respondents is in parentheses; includes only individuals who reported receiving both salary and bonus.

†Refers to the largest circulation magazine on which respondent works.

over 500,000. Total compensation shows a similar, though more erratic, pattern. But the largest magazines pay managers only about double what the smallest do; whereas among directors, the differential is close to three times.

Managers on weeklies and bi-weeklies earn more than those on monthlies, by about \$3,500 (12 percent). Those on paid circulation magazines earn salaries about \$4,000 (15

"The 'head' of a circ exec isn't large enough to wear all the necessary hats to get the job done."

—Circulation director in the Midwest, with more than 30 years' experience, earning salary and bonus in the high sixties.

percent) more than those on nonpaid magazines; that differential jumps to about \$10,000 (36 percent) on a total compensation basis.

Bonus/incentive compensation

Many of the differences in the pay of directors and managers can be accounted for by the various demographic and size breakdowns indicated in the accompanying charts. Other differences, of course, are a function of the pay philosophy of different publishers, profitability, and similar factors that aren't directly measured by this survey. However, some clues can be found in the data on bonus/incentive compensation, especially as they relate to differences in the overall pay of directors versus overall pay of managers.

Forty-seven percent of directors are eligible for a bonus, and their salary is over \$14,000 (37 percent) higher than the salary of directors who get no bonus. No wonder the total compensation of directors who receive a bonus averages \$62,387—\$24,000 (64 percent) more than their counterparts who get no bonus.

On the other hand, 38.5 percent of managers are eligible for a bonus, but their salary is virtually the same as those who are not eligible. (Interestingly, the salary of managers who are not eligible for a bonus is the same on

Range of average total compensation and bonus/incentive*

Average compensation

Circulation director:

Top one-third	\$102,272 (33)
Middle one-third	\$55,091 (33)
Bottom one-third	\$31,797 (33)

Circulation manager:

Top one-third	\$19,555 (15)
Middle one-third	\$29,820 (15)
Bottom one-third	\$22,320 (15)

Average bonus/incentive

Circulation director:

Top one-third	\$18,364 (33)
Middle one-third	\$4,662 (33)
Bottom one-third	\$1,492 (33)

Circulation manager:

Top one-third	\$4,733 (15)
Middle one-third	\$1,347 (15)
Bottom one-third	\$519 (15)

*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

business and consumer magazines, but the salary of those who are eligible is \$11,000 higher on consumer publications than on business ones.) Again, it's no wonder that managers who receive a bonus average only \$4,400 (15 percent) more than those who don't.

Another indication of differences in pay philosophy can be found in the relationship between the highs and lows of pay. The top one-third of directors receive \$69,012 in salary and \$102,272 in total compensation; the lowest paid one-third earn \$25,533 and \$31,797, respectively. The difference between the top and bottom salary is 2.7 times; and the difference is 3.2 times on a total compensation base.

Contrast this with managers, where the top one-third earn salaries of \$42,015 and total compensation of \$49,555; and the bottom one-third

earn \$19,869 and \$22,320, respectively. The differences between the top and bottom are only 2.1 times on salary and 2.2 times on total compensation.

These data all hint that true incentive compensation—where substantial rewards are paid for achieving substantial results—is a factor in the pay system of many circulation directors—and few managers. Perhaps, as time goes on and the industry continues to seek ways to improve profitability, these kinds of incentive systems will become more prevalent among both levels of circulation professionals. □

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